

WINECUP RESOURCES, INC.

September 14, 1982

Ms. Carolyn Driscoll
Special Assistant Attorney General
Natural Resources and Energy
Oil, Gas and Mining
244 State Office Building
Salt Lake City, Utah 84114

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DIVISION OF
OIL, GAS & MINING

Re: Reclamation Work

Dear Ms. Driscoll:

This is in response to your August 16 and 24, 1982 letters to me as president of Winecup Resources, Inc. I want to make certain points clear which do not seem clear in your letters. You seem to be under a continuing impression that Winecup Resources is responsible for the reclamation work, even though I have consistently maintained that Taylor Livestock, the owner of the property, has contractually agreed to be responsible for the reclamation work.

I understand that we have previously provided the department with a copy of the lease between Max Cooley as lessee and Taylor Livestock. I am enclosing a copy for your information and direct your attention to page 3, and the entitled "Use of the Property", which provides that "Said washing of gravels and stockpiling is hereby deemed sufficient and totally of Lessee's reclamation responsibilities". Winecup Resources, Inc. has an agreement with Max Cooley which permits the company to operate pursuant to Cooley's lease from Taylor Livestock.

The company has been forced by circumstances to cease its gravel extraction activities on the property and has withdrawn from the property.

Much of the problem related to the reclamation requirements asserted by the division, has revolved around the State looking to the wrong party to do the reclamation work. In order not to have your office unduly concerned we have attempted to contact the correct party through Max Cooley who in turn was to contact Taylor Livestock about their responsibility. Unfortunately,

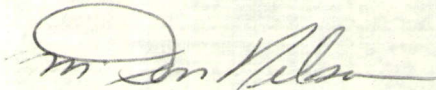
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neither Cooley or Taylor Livestock have indicated what they intend to do to fulfill their contractual obligation to perform the reclamation work. To be absolutely certain that Cooley is aware of the State's demands I have sent him copies of all correspondence you have sent us. Mr. Ferno and Mr. Zabriskie had earlier orally contacted Cooley to request him to get Taylor Livestock to perform.

We desire to cooperate with the Division to the extent of our legal and contractual obligations. However, we believe that Cooley and Taylor Livestock are the responsible parties which should be looked to for performing reclamation work. At a minimum, they are indispensable parties to this matter inasmuch as they are owners/lessees of the property being excavated for gravel and attending minerals and metals.

We sincerely hope that we will not be penalized for our attempts to be cooperative, while those parties who have not come forward to assume their responsibility are absolved.

Yours Truly,



M. Don Nelson
President

MDN/vn

Enclosure